

Message Text

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20

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 AID-20 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-20

STR-08 CEA-02 PA-04 PRS-01 USIA-15 DRC-01 /174 W

----- 044862

R 220758Z JAN 74

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 2833

INFO AMEMBASSY BERN PRIORITY

AMEMBASSY BONN PRIORITY

AMEMBASSY BRUSSELS PRIORITY

US MISSION EC BRUSSELS PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY THE HAGUE PRIORITY

AMCONSUL MILAN PRIORITY

AMCONSUL NAPLES PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY PARIS PRIORITY

US MISSION OECD PARIS PRIORITY

AMEMBASSY STOCKHOLM PRIORITY

AMEMBASSY TOKYO PRIORITY

UNCLAS ROME 0901

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJ: LIRA WEAKENS FOLLOWING FRENCH FRANC FLOAT

PASS TREASURY AND FRB

1. LIRA WEAKENED AGAINST THREE MAJOR CURRENCIES WHOSE
MARKETS WERE OPEN ON JANUARY 21 BUT REMAINED VIRTUALLY
UNCHANGED AGAINST FRENCH FRANC FOLLOWING LATTER'S
DEPARTURE FROM EC SNAKE. DOLLAR HIT ALL-TIME HIGH
AGAINST COMMERCIAL LIRA WITH AVERAGE OF ROME AND MILAN STOCK
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EXCHANGE CLOSING RATES OF 670.50. THIS COMPARES

TO PREVIOUS DOLLAR HIGHT OF 643.20 LAST FRIDAY, JANUARY 18, AND REPRESENTS A 4.2 0/0 DEVALUATAION OF COMMERCIAL LIRA AGAINST DOLLAR. LIRA ALSO LOST GROUND AGAINST SWISS FRANC TO EXTENT OF 2.8 0/0 SINCE LAST FRIDAY TO LOWEST POINT FOR COMMERCIAL LIRA SINCE AUGUST 1974. LIRA DEPRECIATION AGAINST STERLING WAS 3.4 0/0, ALSO REPRESENTING WEAKEST RATE FOR LIRA AGAINST STERLING SINCE LAST AUGUST.

2. WEAKNESS OF LIRA MAY BE DUE TO BELIEF THAT EXPECTED DROP IN FRENCH FRANC OF 4-5 0/0 SHOULD BE FOLLOWED BY SIMILAR DECLINE IN LIRA. LOGIC OF THIS REASONING IS THAT ITALIAN AUTHORITIES WILL NOW FEEL LESS PRESSURE FOR POLITICAL REASONS TO KEEP LIRA MOVEMENTS IN LINE WITH MOVEMENTS OF EC SNAKE. ALSO, PREVIOUS WEAKNESS OF LIRA EVEN BEFORE FRENCH DECISION AND CLOSING OF MARKETS OF SEVERAL EUROPEAN CURRENCIES MAY HAVE CAUSED CONCENTRATION OF SPECULATIVE FORCES AGAINST LIRA.VOLPE

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Message Attributes

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Decaption Date: 01 JAN 1960
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Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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30 JUN 2005

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Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005